



The US Army has taken delivery of the last of nine Stryker Variants of the Common Driver Trainer (CDT/SV) from SAIC.  
Image credit: Jason Kaye/US Army.

# Taking Stock of STOC II

PEO STRI responds to industry concerns with a redesigned omnibus contract.  
**Chuck Weirauch** checks out the changes.

**A**t a newly projected total value of \$17.58 billion over 10 years, the US Army's Program Executive Office for Simulation, Training and Instrumentation (PEO STRI) Omnibus Contract II (STOC II) will be the largest-ever contract awarded by that organization and perhaps the largest of its type ever issued by any US military training agency to date.

According to PEO STRI, the primary goal of STOC II is "to establish a broad-based group of highly qualified contractors capable of rapidly and effectively providing task-specific solutions to Warfighter training and testing requirements, using streamlined contracting procedures to procure high-quality products and services at fair and reasonable prices."

As of this writing, the Request for Proposal (RFP) for STOC II was scheduled for no earlier than March 14, 2008. Proposals will be due within 30 days of its issuance. STOC II contract awards are anticipated in or around September of this year and immediately after the awards, the awardees will be eligible to compete for future contracts. The PEO is

currently in the early acquisition stage for some of this new business. The last of current STOC I contracts expire in late 2008 and early 2009.

## New Contract Vehicle

The STOC II variant of the PEO's multi-year, indefinite delivery/indefinite quantity multiple award contracts follow on the footsteps of the innovative eight-year, \$4 billion STOC I. However, it makes significant changes to that innovative procurement mechanism not only in dollar value but in the total number of contract awardees, opportunities for small businesses and other advantages for industry and the government as well – all a result of a more than two-year effort to make STOC II a fairer and improved contract vehicle.

"We tried to get industry's input, their customers' input, our own internal customers input and others in terms of utilizing STOC and making it more of a streamlined, efficient and cost-effective-to-the government method of contracting in the future," said Brian Murphy, STOC II Contracting Officer and Corporate Acquisition Team Leader for PEO

STRI's recently inaugurated Acquisition Center. "We are trying to provide maximum flexibility to the contracting officers in the future so that we can achieve these goals."

In order to get industry input, PEO STRI held a number of Industry Day meetings to solicit comments and questions last year. The agency also issued two STOC II draft RFPs, the initial document in November 2007. A revised draft RFP was issued based on industry input in January of this year. Nearly 200 comments and questions were received in response to the draft RFPs, reviewed and posted at the PEO's Business Opportunities Portal.

## Major Value Increase

The considerable increase in STOC II total dollar value from earlier estimates of \$8 billion and later \$11 billion is due to a sharp increase in requirements, generated by more requests for support from old and new customers, Murphy pointed out. These requirements are defined as mission-essential needs in supplies or services necessary to support warfighters in the execution of their missions. The



\$17.58 billion estimate is the maximum contract ceiling amount and is based on budgeted and estimated requirements, trend and growth analysis and supplemental data on training and testing simulation, systems and instrumentation contracts, he explained.

The PEO last year had been given new and more expansive procurement authority for the Army's Training System Aids, Simulators and Systems (TADSS) and later was designated with Head of Contracting Authority (HCA) authority. HCA allows the PEO to provide more procurement support not only for all of the Army, but for other US armed services and non-military government agencies as well.

"We are a nation at war, so as we look now and into the future as to what requirements the Department of Defense would need," Murphy said. "We are attempting to forecast that need, and we developed the requirements with that focus in mind."

The first HCA contract issued last year was appropriately in support of another service, the Air Force. This procurement contract was in support of the service's Simulations, Training and Experimentation Program. The PEO reorganized last year to handle the anticipated increasing new business, establishing the new Acquisition Center and staffing up with 15 additional contract specialists within the next six months.

"We are seeing a growing increase in our requirements," Murphy said. "Earlier this year, there were some unknown requirements hovering on the horizon. Now those requirements and customers have come to fruition. We have seen a significant increase not only in monies in support of organic Army organizations but also to non-DoD organizations, since STOC is a tool for those as well."

While STOC II and the HCA authority will considerably expand business for PEO STRI, they also indicate a shift in strategy for the organization. According to its Program Executive Officer, Dr. James Blake, the PEO will move from a predominantly non-system training device (NSTD)-based organization to a predominantly customer-based organization over the life of the STOC II contract. This will mean moving to a much more diversified customer base than in the past, with more funding from other Army, other service and joint commands.

## Domains Are Gone!


STOC I had domains, separate categories in which industry could qualify for contract awards. Only those companies that were awarded the ability to bid for contracts in those specific domains were allowed to do so. The four domains under STOC I were live, virtual, constructive and test. A total of 33 prime contractors, some of which were qualified to compete in more than one domain, were originally awarded STOC I contracts.

Instead of domains, STOC II will have two lots, one for Full and Open Competition, and the other for Small Business Set-Asides. PEO STRI anticipates that, based on evaluations of their proposals, 25 to 50 companies will be awarded the ability to compete for new business in each of the two categories, although the total number is not restricted. Domains were eliminated because they encouraged companies to enter into teaming arrangements. The PEO also determined that it needed to expand its industry base beyond the number of prime STOC I contractors to gain more direct access to the latest technologies available. Domains were an artificial construct that failed to remain definable over the life of the contract, Murphy said.

"The domains in the past necessitated that companies engage in teaming arrangements to cover those domains properly," Murphy pointed out. "Very few companies could cover all of the domains. It's not that we are against teaming; it's just that the lot approach provides more opportunities for those companies that may have a smaller array of core competencies. This is something that we have been emphatic about as a means to ensure that there is the widest range of opportunities to socioeconomic categories."

A result of the STOC I teaming emphasis was that the unique requirements of each delivery/task order often dictated that each prime contractor reform its teaming arrangements, and most functional teaming arrangements dissolved by the 18th month of the contract, Murphy said. Consequently, the STOC I strategy drove all contract offerers to make extensive and expensive teaming arrangements, which became impractical and further increased the cost to the government to evaluate proposals with no long-term benefit, he explained.





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contractors and the resultant teaming severely limited government access to potential providers except as subcontractors," Murphy emphasized. "The resultant expense of gaining access to those possible providers created substantial consternation among the Army product managers and customers, and decreased the effectiveness of the contract."

### More Small Business Opportunities

The change from domains to lots, allowing an increase in the number of companies that can qualify to compete under STOC also addressed another concern - that the contract mechanism was too restrictive, limiting the number of firms that could participate in the process. This was a particular complaint of small businesses, which often could only become involved in the STOC process as a subcontractor team member to a prime STOC contractor.

Under STOC II, small businesses can compete in both lots. Unlike with STOC I, these firms could possibly win a contract award in the Full-and-Open competition lot, as well as compete in the Small Business Set-Aside lot category. From several accounts, PEO STRI was stung by comments that it was not providing enough incentives for small businesses under STOC I, and was determined to gear STOC II as a vehicle that would assist it in meeting or exceeding its small business goals.

"STOC I was not necessarily as successful in supporting small businesses as the Small Business Administration would have liked it to," Murphy said. "But under STOC II, small businesses can get not just one but two bites of the apple by competing in the Full and Open Lot, but as a Small Business Set-Aside as well, whereas before there was no small business set-aside as a separate lot."

### STOC Then And Now

When STOC I was awarded by Simulation, Training and Instrumentation Command (STRICOM) in 2000, it was hailed as an innovative means to streamline the procurement and acquisition process for Army training and simulation systems and devices by both industry and the Army. Particularly attractive to industry was the scope and length of the contracts for prime contractors, establishing a more stable relationship between industry and government.

As the STOC process became more refined, examples of its effectiveness in getting training solutions to the warfighter became more evident. In 2006, then PEO STRI Director of Procurement Kim Denver stated that the average Procurement Lead Time (PLT) for acquiring products and services under the contract had been reduced from 180 days to 60 days. STOC II has been developed to improve on this record.

Over the life of STOC I, PEO STRI issued 291 contracts, or orders for business, valued at \$3.7 billion, a total that was shared between the 31 remaining STOC prime contractors. This total constitutes the vast majority of the organization's contracting requirements over the eight-year period. It has been the contract vehicle of choice for training products and some training-related services.

"STOC I allowed for a more rapid response to warfighter requirements in an environment of ever increasing time constraints," Murphy pointed out. "It represented a marked improvement over past contract vehicles, most of which consisted of contracts to single providers. STOC I achieved many of its stated


objectives, including simplified acquisition procedures and greatly reducing award timelines by awarding task and delivery orders in 60 days or less. Despite its relative success, however, PEO STRI has noted shortcomings, which are addressed in the STOC II acquisition strategy."

With the substantial increase in the dollar value of the STOC contract, new PEO STRI customers, and new strategy, it is a sure bet that the organization will be able to establish leadership in break through technologies and innovations meeting customer requirements for training and testing products and services. But just where the greatest focus will be is hard to determine by looking at the STOC II Product Area Description Document, which lists the general product categories that the Army wants to procure under STOC II.

Listed are what one might expect: individual crew and combined arms trainers and simulators; test systems; maintenance and part task trainers and simulators; simulations and simulation systems; tactical engagement simulator systems; and ranges and installation and instrumentation systems. More intriguing are such categories as advanced concepts, embedded training and testing, advanced distributed learning (ADL) and game applications and technology. Last year, Blake had said that more emphasis would be placed on crew protection devices, dismounted immersive soldier virtual training capability, and live environment and live-fire training that replicates the natural environment.

"STOC II is primarily focused on modeling, simulation and training, but there are other products and services that we can offer," Murphy summed up. "That's why we broke it down into two separate categories, one for products and one for services." ms&t

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